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SOUTH VIETNAM: Voter turnout for yesterday's Lower House elections was gratifying to the government.

Participation compares very favorably with last year's Senate elections. All four corps areas report that in at least one or two provinces the vote was significantly larger than last year.

Communist military efforts to disrupt the election process were widespread, but small scale and ineffective. None of several threatened opposition demonstrations materialized, although opposition groups are busy documenting irregularities. Most of the complaints are coming from MR IV, but some opposition candidates in Da Nang claim they were omitted from the ballot and late voters in Saigon were turned away when the polls closed for the day. In general, [redacted] irregularities do not appear to have been a major factor in the election process. [redacted]

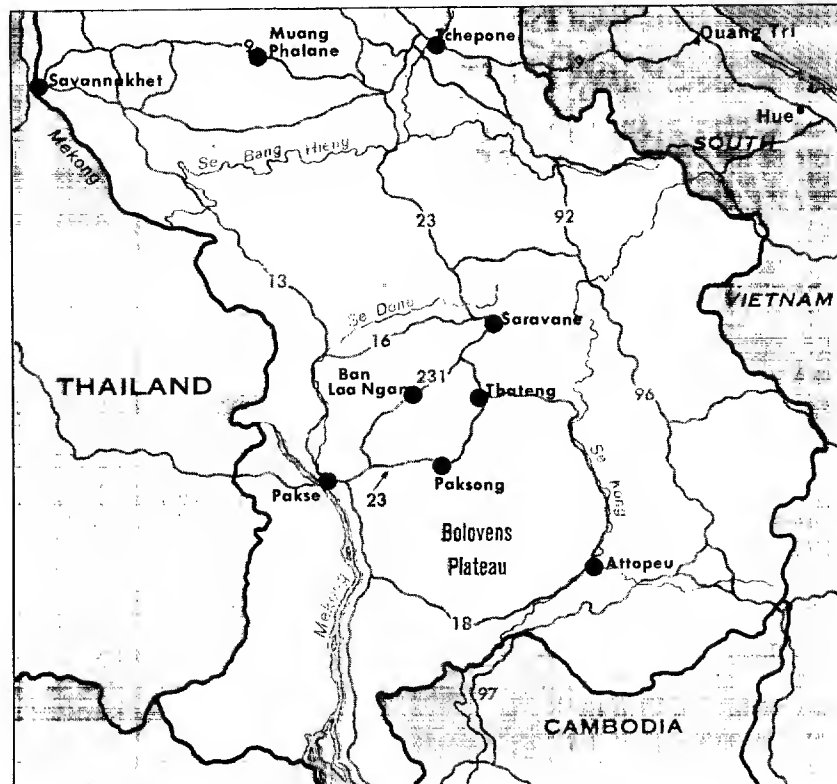
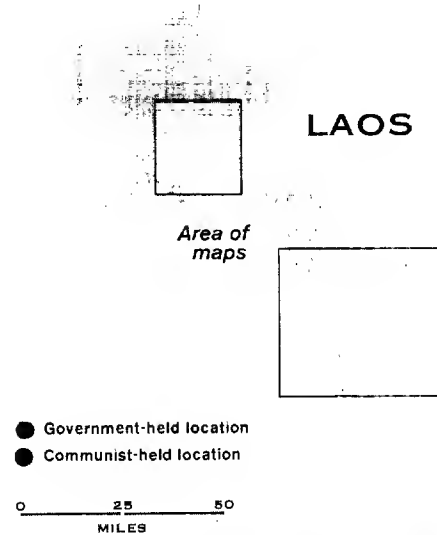
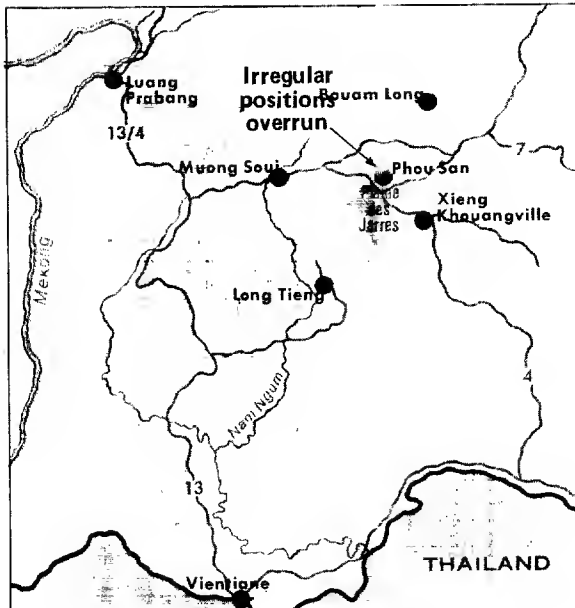
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LAOS: The Communists have rebuffed Prime Minister Souvanna's latest efforts to get peace talks started.

Lao Communist leader Souphanouvong has dismissed Souvanna's message of 18 August--which proposed discussions for a cease-fire and a bombing halt in northeast Laos--as "unrealistic" and a "crafty maneuver." Souvanna's more recent suggestion for neutralizing the Plaine des Jarres was similarly brushed aside. The Pathet Lao representative in Vientiane told a press conference on 27 August that Souphanouvong remains opposed to such a step as long as allied bombing of Communist troops and the Ho Chi Minh trail in Laos continues.

On the military front, meanwhile, the Communists have increased their pressure on government units in the northern foothills of the plaine. Three irregular battalions were forced to withdraw from four major positions north and northeast of Phou San on 27 August, following a series of heavy shelling and ground attacks; irregular casualties were six killed and 42 wounded. On 28 August, the commander of three other irregular battalions on the northeastern part of the plaine reported that his forces also may soon come under strong attack because of considerable Communist troop infiltration in that sector.

In south Laos, government forces attempting to retake Paksong on the Bolovens Plateau continued to run into scattered Communist resistance over the weekend and made no significant advances. An irregular reconnaissance team that moved briefly into Paksong on 27 August reported that villagers told them that the few North Vietnamese troops remaining in Paksong were sick and dispirited.

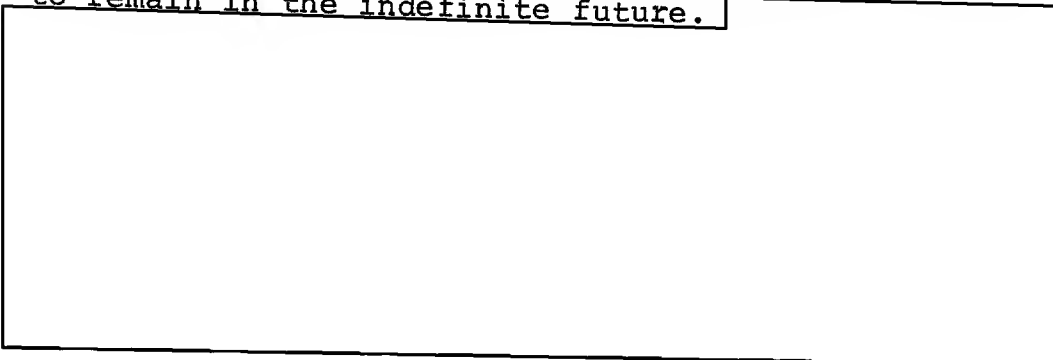
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MALAYSIA - COMMUNIST CHINA: The latest step in Malaysia's gradual development of closer relations with Communist China is a purchase agreement, chiefly of rubber.

Peking's trade delegation to Kuala Lumpur ended its six-day visit on 28 August with announcement of an agreement formalizing already existing trade. It provides for direct purchase of 40,000 tons of rubber, 5,000 tons of palm oil, and 50,000 cubic yards of logs. The rubber represents only a portion of China's annual rubber purchases in the Singapore/Malaysia market, which in recent years have ranged from 100,000 to 200,000 tons. Sales under the purchase agreement, however, will be transacted directly rather than indirectly through agents as in the past. Talks in Peking last May reportedly reached a verbal agreement that rubber purchases this year could reach 150,000 tons.

Any move toward diplomatic relations continues to remain in the indefinite future.



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MARITIME ISSUES: Developments at the recently concluded preparatory meeting for the 1973 Law of the Sea conference may pose further problems for the US.

During the session, the US formally acknowledged its willingness to accept a 12-mile territorial waters limit provided that rights of free passage through international straits are guaranteed. Responses indicate general support for such a limit if a broader zone conceding coastal state control over economic resources can be negotiated; the US is presently unwilling to concede such a zone. A few states persist in opposing freedom of navigation beyond 12 miles.

Some Latin American states worked closely with Spain during the meeting, obtaining Madrid's support for a 200-mile resources zone in return for aligning themselves with Spain in opposition to the US straits proposal. Spain wants the right of passage through straits confined to "innocent" activity, thereby giving the coastal state control over the entry of oil tankers and warships. Madrid in recent weeks has also revived the concept of the demilitarization of the Mediterranean. It may hope to use these ploys as bargaining chips in negotiating base rights with the US and better linkage to Western defenses.

No progress was made on the fishing question, as the states with distant-water fishing fleets were at loggerheads with the less developed countries intent on exclusive control over the living resources off their coasts. Also, the US proposal for international regulations to govern exploitation of the mineral-rich ocean floor made little headway.

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These developments suggest that the 1973 conference, like the meetings in 1958 and 1960, may not produce meaningful and widely acceptable agreements. Moreover, the Latin American states, which are known to believe that additional time is needed to gain adherents to the 200-mile club, might try to postpone the conference. [REDACTED]

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IRAQ: Iraq's Jewish population, which numbered about 5,000-7,000 before the Arab-Israeli war in June 1967, is rapidly emigrating.

Between early July and early August, 325 Jews "escaped" to Iran through border crossing points in Iraqi Kurdistan. The exodus is apparently aided by local Kurds who, for a fee, will escort the escapees to the border, where they are admitted by Iranian authorities. Each day brings new arrivals and it is estimated that the Jewish community, which lives largely in Baghdad, has now dwindled to about 1,700. Last year at this time the Jewish population was about 2,500.

The Iraqi Government is aware of this movement, but has chosen to look the other way. The government's condoning of the departures is in sharp contrast to its harsh policies during the period following the execution in January 1969 of 14 Jews charged with spying for Israel and the US. World opinion gradually led the Iraqis to relax their emigration controls and other repressive measures. Except for a period in September 1970 when the refugee flow ebbed, the escape route has been practically wide open.

The escapees take only temporary refuge in Iran. Some go on to Israel, but in the past many have gone to Canada and Denmark, where special arrangements have been made for further emigration.

[REDACTED]

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AUSTRIA: A challenge by the opposition People's Party (OeVP) to the legality of the national elections scheduled for 10 October has added an element of uncertainty to the so far quiet campaign.

During the past few weeks, the People's Parties in the provincial governments of Lower Austria, Tyrol, and Vorarlberg have filed appeals to the Constitutional Court. These unexpected challenges rest primarily on the claim that the electoral law passed last year and the use of 1961 census figures for parliamentary apportionment violate the principle of balanced proportional representation. Two OeVP provincial governors, moreover, have requested that the government either postpone the elections until the completion of the 1971 census or call a special parliamentary session to decree that the composition of any parliament elected on 10 October will be apportioned on the basis of the new census figures whenever they become available.

The People's Party, desperately searching for leadership and issues, has much to gain from either a postponement or a reapportionment. Population trends indicate that four seats now held by Vienna and its environs, which traditionally vote socialist, should be awarded to the federal states in western Austria, such as Vorarlberg, Tyrol, and Salzburg. These areas are electoral strongholds of the conservative People's Party.

Seemingly unruffled, Socialist Chancellor Kreisky has dismissed the demands of his opponents as unjustified and unworkable. Most legal experts expect the Constitutional Court to reject the appeals of the People's Party. The court, which reconvenes on 4 October, must make its decision quickly if it is to affect the elections. [REDACTED]

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